

Message Text

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43

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PM-04 H-02 L-03

NSC-05 PA-01 PRS-01 SS-15 FTC-01 /085 W

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P R 061430Z NOV 75

FM AMEMBASSY TRIPOLI

TO SECSTATE WASHDC PRIORITY 2678

INFO AMEMBASSY CAIRO

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMEMBASSY TEL AVIV

C O N F I D E N T I A L TRIPOLI 1267

DEPT PLEASE PASS BAGHDAD

DEPT PLEASE PASS BEIRUT

E.O. 11652; GDS

TAGS: ETRD, PFOR

SUBJECT: NEW YORK STATE ANTI-BOYCOTT LEGISLATION

AND U.S. EXPORTS

1. WILLIAM MAJOR, A BANKER'S TRUST OFFICER NOW IN LIBYA HAS BRIEFED US ON WHAT LOOKS TO BE A POTENTIALLY SERIOUS SITUATION CREATED BY RECENTLY PASSED NEW YORK STATE LAWS (SECTION 296 AND 298A), WHICH IS TO TAKE EFFECT JAN 1, AND WHICH PROHIBITS COMMERICAL BOYCOTTS AND BLACKLISTING, INSIDE OR OUTSIDE NEW YORK STATE, BY NEW YORK RESIDENTS AND CORPORATIONS. LAWYERS FOR BANKERS'S TRUST BELIEVE THAT IT WILL WILL BECOME ILLEGAL FOR BANK TO CONTINUE TO EXECUTE LIBYAN LETTERS OF CREDIT, WHICH ROUTINELY CONTAIN A PROVISION REQUIRING SUPPLIERS TO ADHERE TO ARAB BOYCOTT OF ISRAEL, WHEN LAW TAKES EFFECT.

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2. BANKERS'S TRUST SEES NO ALTERNATIVE
BUT TO STOP EXECUTING LIBYAN LETTERS OF
CREDIT IN MID-NOVEMBER, WHEN THE BANK'S CHIEF
EXECUTIVE IS SCHEDULED TO APPEAR BEFORE A NEW YORK STATE
COMMISSION TO GIVE TESTIMONY ON THE BANKS'S PAST ACCEPTANCE
OF SUCH LETTERS OF CREDIT, IN RESPONSE TO A COMPLAINT
RECEIVED BY THE COMMISSION. BANKERS'S TRUST HAS BROUGHT
THIS SITUATION TO THE ATTENTION OF LIBYAN BANKING OFFICIALS,
AND UNDERSTANDS THAT THEY WILL INFORM QADHAFI OF PROBLEM.

3. SITUATION IS POTENTIALLY SERIOUS ONE FOR U.S. EXPORTS,
NOT ONLY TO LIBYA BUT TO OTHER COUNTRIES IN AREA WHICH
INSIST ON THE INCLUSION OF STRONG BOYCOTT LANGUAGE IN
LETTERS OF CREDIT DRAWN ON NEW YROK BANKS. MAJOR SAID
THAT SYRIAN AND IRAQ LETTERS OF CREDIT CONTAIN
A SIMILAR PROVISION, AND THAT HE EXPECTS THE SAME
PROBLEM IN THESE CASES. MOROCCO, ALGERIA, AND TUNISIA DO
NOT REQUIRE THE INCLUSION OF SUCH LANGUAGE, HE SAID, AND
IN CASE OF EGYPT, LANGUAGE IS APPARENTLY MILD ENOUGH TO
BE RECONCILED WITH NEW NEW YORK STATE LAW.

4. MAJOR IS TO TRAVEL IN THE NEAR FUTURE TO BAGHDAD AND
DAMASCUS TO LOOK INTO THE PROBLEM THERE.
STEIN

NOTE BY OC/T: NOT PASSED BAGHDAD OR BEIRUT.

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